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DEPARTMENT OF HUMAN SERVICES
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March 19, 2012

TO: The Honorable John M. Mizuno, Chair
House Committee on Human Services

The Honorable Ryan I. Yamane, Chair
House Committee on Health

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2092, S.D.2 - RELATING TO HEALTH**

Hearing: Monday, March 19, 2012; 10:00 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of the bill is to: 1) establish presumptive Medicaid eligibility for waitlisted patients and appropriates funds for reimbursements for services provided during the time that waitlisted patients are enrolled and later disenrolled due to determination of ineligibility; 2) report on presumptive eligibility costs and issues; and 4) appropriates funding.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly opposes this bill's requirement of Medicaid presumptive eligibility for individuals requiring long-term care services. Given the State's current fragile economy, it would not be prudent to pursue enactment of a new general fund appropriation that will be required for this bill. In addition, this bill effectively gives preference to hospital institutions over families by moving hospitals to the front of the line for long-term care eligibility determinations.

Significantly, the hospital costs associated with wait-listed patients will be fully compensated under the DHS' proposals to amend H.B. 2275 and S.B. 2467 relating to the hospital sustainability program.

DHS estimates that this bill will cost taxpayers approximately an additional $2,000,000 per year in State general funds that would need to be appropriated to pay for presumptive eligibility for ineligible individuals. Although the number of waitlisted individuals has been reported by the community to range 150-200, as of January 2012, there were 17 Medicaid recipients waitlisted in the State. This average number has been stable for the past few months.

Regarding timeliness of eligibility determination, the bill references a report that is five years old and does not reflect current eligibility processing time. DHS eligibility staff are dedicated civil servants who have worked diligently to eliminate the eligibility backlog through overtime and new hires. There are currently no new applications beyond the required federal determination period that have not received action, and the majority of applications are now completed in almost half that time.

This bill also assumes that long-term care providers will accept patients who are presumptively eligible, thereby risking that those patients may be found later to be ineligible and unable to pay. Without an adequate supply of facilities willing to accept patients presumptively eligible for long-term care, the effect of this bill will simply be to increase DHS administrative burden and expenditures.

The requirement to determine a recipient presumptively eligible upon application and having the applicant/family submit remaining documentation within 10 business days of presumptive eligibility would put a strain on the applicants and their family members. The required documentation to make a determination is not always easily obtained within 10 days. If families/applicants cannot produce the documents it will result in the additional burden of the

Department having to deny more applications and frustrating families as they may have to re-apply for medical assistance while having to possibly bear the $8,000 - $9,000 cost for nursing facility care.

The requirement for the Department to then issue a determination within 5 days of receiving information from the applicant/family will be difficult at best due to the complexity of application materials. In many cases trust and annuity documents must be sent to the Deputy Attorneys General to review due to the complexity. These documents and other financial documents should not be compromised along with program integrity. Eligibility staff has a primary responsibility as stewards of taxpayer funds and should not be discounted and disregarded.

The minimum documents required by this bill to determine presumptive eligibility are insufficient to determine eligibility for long-term care services and will result in a high number of ineligible recipients receiving presumptive eligibility. Eligibility determination for long-term care follows federal law and includes a five-year look back period for transfer of assets and review of any trusts or other related financial shelters so the minimum documents required in this bill will result in a high number of ineligible recipients being presumptively eligible and increasing the State's costs.

In addition, physician determinations that patients meet nursing facility level of care criteria for Medicaid are reviewed by an independent entity. Many are not approved as physicians are not aware of the criteria the Department uses to determination levels of care. By having a physician licensed in the State to provide proof of level of care is unclear and will bypass current program integrity and the independent review process currently required.

The main issue is patients' inability to provide the necessary documentation for eligibility determination, not delays in DHS making determinations for complete applications. The

proposed solution does not address this issue; rather the bill perpetuates it and creates unnecessary administrative expense and complexity. Administrative burden is increased because applications will now require twice as many system actions by eligibility workers. The complexity primarily exists for a presumptively eligible recipient who is later found to be eligible because the state-only payment made in the interim would need to be retroactively adjusted in order to receive federal funds.

Thank you for the opportunity to testify on this bill.

The Hawaii Disability Rights Center supports the bill because it will expedite the process of placing patients from hospital settings to community based care homes, thereby freeing up needed acute care beds and providing a better quality of life for the patients.

Louis Erteschik
Executive Director

HAWAII HEALTH SYSTEMS
C O R P O R A T I O N
"Touching Lives Every Day"

House Committee on Human Services
Representative John M. Mizuno, Chair
Representative Jo Jordan, Vice Chair

House Committee on Health
Representative Ryan I. Yamane, Chair
Representative Dee Morikawa, Vice Chair

March 19, 2012
Conference Room 329
10:00 a.m.
State Capitol

Testimony Supporting Senate Bill 2092, SD2, Relating to Health. Establishes presumptive Medicaid eligibility for waitlisted patients. Appropriates funds for reimbursements for services provided during the time that waitlisted patients are enrolled and later disenrolled due to determination of ineligibility. Takes effect 07/01/2050. Repeals 07/01/2017

Bruce S. Anderson, Ph.D.
President and Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC), thank you for the opportunity to testify in support of SB2092, SD2.

The waitlist issue is very complex and involves many factors, which the Healthcare Associate of Hawaii (HAH) has spelled out. For HHSC, this is a major issue, both financially and due to quality of care concerns. A patient in an acute care bed who needs long term care, for example, will not be able to set up residence in the long term care unit where the resident can participate in social activities, obtain rehab services, and be afforded other privileges that residents of nursing homes enjoy. For this basic reason, a patient being in an acute setting for a long period of time, when he or she is not acutely ill, is simply not healthy.

Maui Memorial Medical Center presently has a large waitlist population. In December, 2011, there were on average 36 non-acute patients assigned to acute care medical/surgical beds. This is extremely significant because out of 140 (plus 12

overflow) med/surg beds, it amounts to almost one-third of total census. Additionally, there were several people in the emergency department waiting for beds. If a big accident had occurred on the island, the ED would have had trouble handling it because the ED bays were filled with patients who needed inpatient beds. Therefore, the waitlist problem has a great impact on patient care at the acute end of the scale, as well.

MMMC estimates that it costs approximately $1200 per day for each waitlisted patient. Though this is a complex issue and extremely difficult to quantify exact revenue losses, MMMC estimates it loses approximately $20 million per year due to the waitlist problem.

In response to this chronic situation, MMMC has converted one wing into a waitlist unit for 18 patients so that the unit staffing can be adjusted to fit the lower level of patient acuity. However, the remaining waitlisted patients have to be placed throughout the hospital interspersed with acute care patients in units where a higher level of staffing must be maintained. Unfortunately, MMMC cannot merely change its staffing due to collective bargaining constraints and the fact the waitlist patients are interspersed with other patients.

In short, this is a serious issue that results in wasted resources. The issue is compounded by the delay in getting Medicaid patients eligibility approved, resulting in months of delay in any reimbursement. As pointed out by HAH and in the purpose clause of this legislation, many resources are devoted to getting an application into the DHS, which is necessary in order to start the coverage. Even once it is in DHS, it takes a long time for approval, which causes a cash flow issue. A presumptive eligibility would help with the cash flow issue, at least, and place the burden of determining eligibility where it belongs: on DHS and on the patients and their facilities. In addition, the long term care bed that was open for that patient may be given to another patient who is already qualified, thus keeping the person in a waitlisted bed.

We support this measure which appropriates money to the DHS to be spent on updating technology or other improvements to speed up the eligibility process to this population of patients. This measure will not totally solve the waitlist issue; however, it will only help with the financial burden for acute hospitals with a waitlist problem and should result in the placement of more of those patients in long term care beds.

Thank you for the opportunity to testify before this committee.

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Government Relations

Testimony of
John M. Kirimitsu
Legal & Government Relations Consultant

Before:
House Committee on Human Services
The Honorable John M. Mizuno, Chair
The Honorable Jo Jordan, Vice Chair
and
House Committee on Health
The Honorable Ryan I. Yamane, Chair
The Honorable Dee Morikawa, Vice Chair

March 19, 2012
10:00 am
Conference Room 329

Re: SB 2092, SD 2, Relating to Health

Chairs, Vice Chairs, and committee members, thank you for this opportunity to provide testimony on SB 2092, SD2, creating a presumptive eligibility for Medicaid eligible waitlisted patients.

Kaiser Permanente Hawaii supports this bill.

It has been reported that Hawaii hospitals have lost millions of dollars due to delays in discharging patients waitlisted for long term care. According to a report to the legislature by the Healthcare Association of Hawaii, the Medicaid eligibility and re-eligibility application process in Hawaii is unable to handle the current volume.

Duration of these delays has ranged between several days to several months, and in some cases even more than a year. Contributing to these delays in many cases was the lengthy application, review and approval process for Medicaid eligibility for waitlisted patients. Furthermore, each day that a waitlisted patient remains in an acute care hospital bed is another day that a bed is not available for an acute care patient in need of that bed.

Some, if not much, of this delay could be shortened by the presumptive eligibility measures proposed in this bill. For this reason, Kaiser Permanente Hawaii supports this bill.

Thank you for the opportunity to comment.

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THE QUEEN'S HEALTH SYSTEMS

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Representative John M. Mizuno, Chair
Representative Jo Jordan, Vice-Chair
HOUSE COMMITTEE ON HUMAN SERVICES

Representative Ryan I. Yamane, Chair
Representative Dee Morikawa, Vice Chair
HOUSE COMMITTEE ON HEALTH

March 19, 2012 – 10:00 a.m.
State Capitol, Conference Room 329

In Support of S.B 2092, SD2, Relating to Health

My name is Paula Yoshioka, Vice-President of Corporate Development for The Queens Health Systems (QHS). We appreciate this opportunity to provide testimony **in support** of S.B.2092, SD2.

Every day that a waitlisted patient, who would be more appropriately cared for in long term care nursing facility, remains in an acute hospital bed means there is a more acute patient who may not have access to appropriate hospital treatment. A key barrier we have identified in placing patients in long term care facilities is the lengthy delay in processing Medicaid eligibility for individuals.

This measure represents a reasonable, practicable solution to a State-wide, system-wide, costly, and life-impacting problem. We respectfully request passage of this measure, as it will ensure a critical and efficient remedy.

Thank you for the opportunity to testify.

HAH
Healthcare Association
of Hawaii

HOUSE COMMITTEE ON HUMAN SERVICES
Rep. John Mizuno, Chair

HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
March 19, 2012 at 10:00 a.m.

Supporting SB 2092 SD 2: Relating to Health

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. In addition to providing quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 40,000 people. Thank you for this opportunity to testify in support of SB 2092 SD 2, which creates a Medicaid presumptive eligibility process designed to reduce the number of patients in acute care hospitals who are waitlisted for long term care and to place them in more appropriate care settings.

On any given day there are an average of 150 patients in Hawaii's hospitals who have been treated so that they are well enough to be transferred to long term care, but who are waitlisted because long term care is not available. Waitlisting is undesirable because it represents an inappropriate quality of care for the patient and creates a serious financial drain on hospitals. Waitlisted patients also unnecessarily occupy hospital beds that could otherwise be used by those who need acute care. Patients may be waitlisted for a matter of days, weeks, or months, and in some cases over a year.

The Healthcare Association has advocated for solutions to the waitlist problem since 2007, when it sponsored SCR 198, which directed the Association to study the problem and propose solutions. The Association subsequently created a task force for that purpose, which submitted a report to the Legislature. Since then the Association has sponsored two measures that have been designed to:

(1) Promote the movement of waitlisted patients out of acute care;
(2) Reduce unpaid costs incurred by hospitals and free up hospital resources so that they can be used to treat those who need that higher level of care; and
(3) Enable long term care facilities to accept waitlisted Medicaid patients with complex medical conditions while addressing the additional costs related to their care.

The two waitlist bills sponsored by HAH have advanced further in the Legislature each year since they were first introduced, and last year they both went to conference. HAH is again sponsoring these bills in 2012. One bill addresses Medicaid payments to hospitals and long term care facilities, and this bill addresses the Medicaid eligibility process.

We estimate that it would cost the State no more than $200,000 annually to implement Medicaid presumptive eligibility for waitlisted patients, using information that is currently available. That figure is based on 300 waitlisted patients per year determined to be presumptively eligible, a 6% error rate, 45 days for which the State would be liable for patients who are incorrectly found to be eligible, and a $231 daily long term care rate.

Thank you for the opportunity to testify in support of SB 2092 SD 2.

The Chamber of Commerce of Hawaii

The Voice of Business in Hawaii

Testimony to the House Committees on Human Services and Health
Monday, March 19, 2012
10:00 a.m.
State Capitol - Conference Room 329

RE: SENATE BILL 2092 SD2 RELATING TO HEALTH

Chairs Mizuno and Yamane, Vice Chairs Jordan and Morikawa, and members of the committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports Senate Bill No. 2093 SD2 relating to Health.

The Chamber is the largest business organization in Hawaii, representing more than I,I00 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" **in** Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common **concern.**

This measure creates presumptive Medicaid eligibility for waitlisted patients. The bill repeals on 7/1/2017.

Patients who are waitlisted for long term care are occupying acute care beds in our hospitals. This increases uncompensated costs for hospitals, creates shortages of acute care beds, and decreases quality of life for patients who no longer need acute care services. We need to take a comprehensive approach to developing solutions throughout the health care delivery system, to create capacity for these patients, who do need care, by utilizing the most appropriate and cost effective setting. Public and private collaboration is essential to the success of this effort.

Therefore, The Chamber supports improvements to the quality of our health care system, which include legislation that will create presumptive Medicaid eligibility for waitlisted patients. This will help increase long term care capacity and access statewide.

In light of the above, The Chamber of Commerce of Hawaii supports SB 2092. Thank you for the opportunity to testify.

Testimony for HUS/HLT 3/19/2012 10:00:00 AM SB2092

Conference room: 329
Testifier position: Support
Testifier will be present: No
Submitted by: Joseph W Morris, PA-C
Organization: Individual
E-mail: jwmorris58@yahoo.com
Submitted on: 3/18/2012

Comments:
House Health Committee
Representative Ryan Yamane, Chair

Representative Dee Morikawa, Vice Chair

Honorable Chairpersons and Committee members:

I am testifying in support of SB 2103 SD2.

The amended language accurately reflects the rules regarding physician assistant practice.

This amendment will clarify and put into statute what the nursing board has stated in opinion:

"that the law allows a PA, as an agent of the supervising physician, to order procedures which presumably a registered nurse should be able to take and fulfill."

I thank the Committee on Committee on Health for hearing this bill and ask that you pass SB 2103 SD2.